

# WATER SYSTEM BUY IS GOOD INVESTMENT FOR CITY OF TORRANCE

Any business firm whether an individual or a corporation must expand, enlarge, advance, and evidence progress or the progress and success of that house will turn to retrogression and failure. When, in order to enlarge his business, a man finds it necessary to borrow money he does not hesitate to borrow to the extent of 40, 50 or 60 per cent of his assets.

The voters of the City of Torrance will soon decide whether their fair city in its progress toward its goal as the leading industrial city of Southern California needs certain improvements in purchase of a water system, lighting system and certain paying which will necessitate the borrowing of money to the extent of only 4½ per cent of the total assessed valuation of the property within its boundaries or about 2 per cent of the actual value of such property, instead of 40 or 50 per cent, as is often the case in a private enterprise.

The question then is surely not "Can we afford these improvements?" but "DOES THE CITY'S GROWTH AND PROGRESS DEMAND THEM?"

## Welfare of City

In arriving at our decision as to whether the purchase of the water system is needed for the welfare of our city and our citizens let us consider what we now have for our future. If the citizens continue to use the present water service from a private corporation and also consider what we will have if the people own their own system henceforth and are able to buy water at actual cost. By a comparison of the benefits under the respective systems we will be able to determine which system will be the best for the future of Torrance.

Under the present system of a privately owned water company the company can be compelled to improve poor water service, whether from lack of water or lack of pressure, only after a formal complaint to the Railroad Commission of the State of California and a formal hearing on such complaint before them, and experience has shown that the Railroad Commission is far more interested in fixing rates than in ordering improvements in service and that the latter is seldom done.

Likewise in order to obtain a readjustment of water rates a formal complaint and a formal hearing on such complaint

with auditors' detailed reports of the business of the water company and expert engineers' testimony must all be presented before the Railroad Commission, and such proceedings are exceedingly costly to the water users or to the city in case the city carries such proceedings before the Railroad Commission.

## Books Open

Where the water system is owned by the municipality any citizen may at any time inspect the books and records of the water department to ascertain whether or not the rates charged are higher than necessary to pay the expenses of the department, and in case of poor service the water users may demand improvement in service from their own city officials, who are answerable to them alone, and need not go before a tribunal foreign to the city and which is answerable only to the Governor of the State of California. Their own city trustees and officials of the water department are answerable to the people for their management of the water system under municipal ownership, and this fact alone should give great weight in our determination of this question.

Under private ownership as at present, the Railroad Commission of the State of California will continue to fix the rates to be charged by the water company at an amount which will pay all costs of operation and all repairs and depreciation, and for the cost of water from the Dominguez Water Company, and in addition to all these costs an 8% income on \$145,000.00. The sum of \$145,000.00 was the amount established by the Railroad Commission in 1922 as the then value of the distributing system of the Torrance Water, Light and Power Company, to which has been added since that time considerable extensions and improvements.

## Cut Down Percentage

In the case of a municipal system this last item of 8% income over and above all other charges and expenses would be ENTIRELY ELIMINATED as soon as the system has been paid for; and until the system is paid for the engineers inform us that the present water rates will not only pay all charges and expenses of operation and all depreciation, but would also pay off the bonds voted for the purpose of purchasing the system and pay all annual interest on outstanding bonds issued for that purpose.

This would mean that it would not be necessary to increase the taxes in the City of Torrance one cent for the paying off of the water bonds. But the rates now being charged are sufficient for that purpose.

In this connection it is well to remember that a municipality can borrow money at 4½ or 5 per cent and that a private corporation does very well to borrow it at less than 8 per cent, which is one more reason why municipally owned water systems can be operated at a lower rate than if the system were a privately owned system.

## Can Drill Own Wells

Under private ownership there is no assurance that the water company will not continue to purchase all of its water from the Dominguez Water Company instead of developing its own water at a possibly lower rate of cost to it. Under municipal ownership the water could still be purchased from the Dominguez Water Company or the city could sink its own well and produce its own water at a cost probably less than the wholesale charge made by the Dominguez Water Company. The cost of developing water is a very small part of the cost of a distribution system to carry that water to the consumer and would not exceed in any event 10 per cent of the cost of the distribution system, and in many cases wells are sunk and water developed at as low as 5 per cent of the cost of the distribution system. For the City of Torrance, the engineer's estimates on the cost of producing its own water have not exceeded \$10,000.00.

The cost to the city of the present distributing system, together with 2000 shares of stock, or about one-eighth interest in the Dominguez Water Company, is the sum of \$130,000, which would leave \$10,000 from the total bond issue of \$140,000.00 for extensions or improvements.

The experience of practically all other municipalities has been that the water system is the one public utility that can safely be operated by the municipality to the mutual benefit of all its inhabitants because the expense of operation is always in proportion to the amount received and there is no danger of any overhead expenses eating up profits in dull times. For if less water is used, less water is bought, and fewer employees are needed, and operation expenses are all lessened in proportion.

## FACTS ON PAVING BONDS PROVE ISSUE'S WORTH

QUESTION: When do we vote on the proposition to bond for paving Western avenue?

ANSWER: On Tuesday, Nov. 27, polls to be open from 6 a. m. to 6 p. m.

QUESTION: What is the proposal?

ANSWER: That the city bond itself for \$60,000 to pave Western avenue to the northern limits of the city.

QUESTION: How wide will the pavement be?

ANSWER: Twenty-six feet wide. Owners of abutting property will be assessed for six feet. The bond issue will pay for 20 feet.

QUESTION: Are both sides of the street in the Torrance limits?

ANSWER: No. One side is in Los Angeles and cannot be assessed by Torrance. If both sides were in Torrance, the property owners would pay for 12 feet, but the city cannot control both sides as conditions are now, with one side of the street in Los Angeles.

QUESTION: What kind of a pavement is it proposed to lay?

ANSWER: A six-inch hard surface pavement, capable of standing up under heavy traffic.

QUESTION: Where does Western avenue lead north from Torrance?

ANSWER: Direct to Hollywood and the San Fernando valley?

QUESTION: When Western avenue is completed how will traffic enter Torrance?

ANSWER: At El Prado street. It will be routed through the city via Cabrillo avenue and Carson street to Arlington or to Carson street west toward Redondo, or over El Prado or Marcelina streets to Arlington or Carson. Traffic from Los Angeles, Hollywood and the San Fernando valley bound for Wilmington, San Pedro and Long Beach will pass through Torrance via Arlington street, reaching that thoroughfare by way of Cabrillo and Carson, Cabrillo and Marcelina or El Prado street.

QUESTION: What value does increased traffic hold for Torrance taxpayers?

ANSWER: Where traffic is thick property is valuable. Where traffic is thickest business is best. The key to progress and prosperity is transportation.

QUESTION: Is Torrance on a main highway now?

ANSWER: No.

QUESTION: How are we assured that the county and city will pave their portions of Western avenue in case Torrance approves the paving bond issue?

ANSWER: By assurances from county officials and city officers and by the use of logic.

QUESTION: What assurances have we?

ANSWER: Supervisor Cogswell, chairman of the highway committee of the board of supervisors, told six Torrance bus-

ness men this week that "the county considers Western avenue a main highway and the city of Torrance may expect the hearty co-operation of the county in getting Western avenue paved clear through." The road commission promised the same delegation to recommend that the county start work as soon as the city of Torrance begins. City councilmen of Los Angeles have assured the Torrance Chamber of Commerce that the city will do its share as soon as our bond issue carries. It requires no unusual wisdom to see that the city of Los Angeles and the county appreciate the advantage of adding another through main highway from the mountains to the sea, which they will be able to do by paving a short two miles.

QUESTION: How wide is Western avenue inside the Torrance limits?

ANSWER: One hundred feet.

QUESTION: When Western avenue is built up who will pay for widening the pavement?

ANSWER: Owners of abutting property. Los Angeles city officials have signified their willingness to assess property on the Los Angeles side when widening is advisable.

QUESTION: What will the pavement cost taxpayers?

ANSWER: Eight cents per \$100 assessed valuation.

QUESTION: Will this come back to the taxpayers in any form?

ANSWER: Yes, indeed. In increased property values due to increased population and more traffic.

## Study Water System Proposal and Vote "Yes"

QUESTION: When is the election on the proposal to buy the water system?

ANSWER: Monday, Nov. 26. Polls open from 6 a. m. to 6 p. m.

QUESTION: How much is it proposed to bond for?

ANSWER: For \$140,000. Of this \$130,000 will be for the purchase of the system and \$10,000 for extensions and improvements.

QUESTION: Why does the city want to buy the water system?

ANSWER: To insure adequate service, to eventually lower water rates because of the city's ability to operate at lower cost than a private corporation.

QUESTION: Why can the city operate at a lower cost?

ANSWER: Because the city pays no taxes. Because the city will pay only 4½ per cent on its bonds, while the private owners are now paying 8 per cent.

QUESTION: What will the purchase of the system include?

ANSWER: The entire distributing system, with eleven miles of mains, pipe (86 per cent of which is cast iron, the best in use anywhere), the pumping machinery, deposits to the extent of several thousands of dollars, land holdings of the company, the monopoly on the business of selling water in the city of Torrance, the right to acquire 2000 shares of capital stock in the Dominguez Water company, insuring the right to plenty of water.

QUESTION: Does the city have to accept the shares of stock in the Dominguez Water company?

ANSWER: No. It can accept or reject them, having until March 1, 1924, to decide.

QUESTION: What is the status of the Dominguez Water company?

ANSWER: It is a corporation, having been designated neither as a mutual company or a public utility. It is incorporated for \$1,000,000 and is just starting to make money. When the Dominguez Land company was formed it took out one share for each acre of land it owned. It is 2000 of these shares, one for each acre in the Torrance tract, that the Torrance Water, Light and Power company offers to the city in case the bonds are approved. Up to the present shares of this stock have been assessed and therefore a liability.

When officials of the water company discovered that there was objection to the water bonds on account of the fact that no shares were included in the transaction, they gave the city an offer to accept 2000 of the shares. If the shares are an asset and required to insure water supply the city will take them. If not they will refuse to take them. In either case the city can choose and profit by its choice.

QUESTION: What would it cost the city to duplicate the water system today?

ANSWER: According to competent engineers, about a quarter of a million dollars.

QUESTION: What will happen if the city does not buy the water system?

ANSWER: The company will sell to someone else. It is known that a transaction is being considered whereby the Torrance Water, Light and Power company would turn in its

distributing system for bonds of a big corporation to be formed by the Dominguez Water company to serve water over this entire district as a public utility.

QUESTION: How would that affect Torrance?

ANSWER: As a public utility the proposed corporation would be allowed 8 per cent profit on its investment. Rates would be fixed accordingly. Inasmuch as much of the district covered is sparsely settled the Torrance water rate would be high.

QUESTION: Is \$130,000 a fair price for the water system?

ANSWER: Yes. The railroad commission in 1920 appraised the system at \$145,000. As this was an appraisal for rate fixing alone, many of the assets of the company were not included. Since that time the company has spent considerable money for pumps and improvements.

QUESTION: Will the city be able to acquire the water system at as low a price again?

ANSWER: This seems unlikely. It is certain that the company will be sold to a corporation and become a public utility. The city would then have to go through considerable costly red tape to acquire the system. Appraisal would fix the price higher than \$130,000, as the 1920 appraisal by the railroad commission indicates.

QUESTION: How much will the purchase of the system cost taxpayers?

ANSWER: Not a cent. The bonds are income producing. Operation of the system will retire them. The city has an opportunity to acquire the system—a money maker—at a low cost and then be in the enviable position of operating it at a cost lower than possible under private ownership.

## Lighting System Will Raise Real Estate Values

QUESTION: What is the proposal as regards the lighting system?

ANSWER: The city proposes to bond itself for \$75,000 for the erection of street lights on every street within the tree limits and to the city limits on Carson street and Western and Arlington avenues.

QUESTION: When do we vote on this proposal?

ANSWER: Tuesday, Nov. 27, polls open 6 a. m. to 6 p. m.

QUESTION: How many lights is it proposed to install?

ANSWER: About 400 lights.

QUESTION: What candlepower will they be?

ANSWER: One hundred.

QUESTION: What kind of standards will be used?

ANSWER: Iron posts with globes.

QUESTION: How will the wiring be done?

ANSWER: In conduits underground.

QUESTION: What are the advantages of an adequate lighting system in a city?

ANSWER: They assist the police by keeping all streets well lighted. Burglars do not operate under lights. They beautify the city. Beauty enhances property values. Property in a well-lighted city is more valuable than in a dark city.

QUESTION: How much will the bonds cost the taxpayers?

ANSWER: Ten cents per \$100 of assessed valuation.